

United States Agency for International Development  
CENTER FOR DEVELOPMENT INFORMATION AND EVALUATION

# **Democracy and Governance And Cross-Sectoral Linkages**

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## **Madagascar**

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## I. INTRODUCTION

### Background

USAID is currently gathering information about how, why, and with what effect a small number of USAID Missions are making progress toward establishing linkages between D/G and other sectors. This investigation and analysis is being done by PPC/CDIE in collaboration with the Global Bureau's Center for Democracy and Governance and the Africa Bureau's Office of Sustainable Development. The latter has completed fieldwork at Missions in Mali, Zambia, and Zimbabwe as part of its parallel study of DG cross-sectoral linkages. CDIE has completed studies in the Dominican Republic (DR) and Guinea. Additional studies are contemplated for Missions in Asia, Central Europe, and Latin America.

In addition to the country studies, CDIE has completed an analysis of USAID/Washington (AID/W) policies and operational problems associated with implementing D/G cross-sectorally linked programs. This study was important because the pilot DR case study suggested that AID/W policies were not altogether clear or particularly supportive of Mission efforts to develop integrated programs. The analysis found that while there was ample policy language directing Agency operating units to achieve greater synergy through D/G linked programs, the various oversight, review, and allocation systems did not have explicit mechanisms for insuring that such policies were actually implemented. Moreover, AID/W-based respondents were, on the whole, pessimistic about the possibility of overcoming severe constraints to cross-sectoral linkages, including personnel, budget, and accountability systems that seem to encourage "stovepiping" or narrow sectorally focused approaches to development programming.

USAID/Madagascar was selected as a case study because it had developed a reputation in the Africa Bureau for implementing a strategy that had multiple cross-sector linkages built into the overall approach. Within the more specific area of D/G linkages with other sectors, the Mission had also demonstrated a commitment to introducing participatory approaches to development in all sectors. Somehow, USAID/Madagascar appeared to have substantially overcome the problems and constraints identified by senior Washington staff as leading to stovepiping or the failure to develop D/G linkages with other sectors.

### Methodology

The study design posed three basic questions that were addressed in the field visit: 1) to what extent had the Mission been successful in establishing operational and strategic linkages between D/G and other sectors; 2) what was the impact of linked programming; and, 3) what was the management approach in introducing and administering its highly linked development strategy? The intent was to gather information – impressions, insights, and direct evidence – which, when combined with findings from other case studies, would provide the basis for the overall study's final synthesis report.

The team consisted of a senior evaluation specialist from CDIE's Program and Operations Assessment Division, a social scientist from Africa Bureau's Office of Sustainable Development, and a political scientist from Management Systems International. The team spent two weeks in-country and in Antananarivo interviewed USAID staff, U.S. Embassy officials, U.S. PVOs, World Bank Officials, and leading Malagasy political figures. To observe DG cross-sector programs in action, one team member spent several days in Mahajanga, a city on the northwest coast, where PACT's Rary project and a mother/child health and family planning project were observed. The other team members spent three days in Fianarantsoa, a major city in the south-central highlands, to observe PACT/Rary activities as well as the USAID-supported bio-diversity conservation project. In both cities, team members met extensively with local implementing partners, officials, and beneficiaries.

### Conceptual Framework

The conceptual framework used by the team to ascertain whether DG cross-sectoral linkages are being realized by USAID/Madagascar is based on core values and behaviors that seem to be universally accepted "ideals" about what a democracy should be. These include:

- officials and citizens accept a rule of law;
- government power is exercised within that rule of law;
- government officials are accountable and responsible to the people;
- some form of regular and open competition for control of government;
- citizen participation is accepted and valued in government decision making;
- transparency in government transactions and decisions is an accepted norm;
- freedom of information and the media's right to investigate and publish; and,
- citizens' right to organize to advance their own or the public interest.

In examining documents and during field visits, the team sought evidence of the inclusion of one or more of these values and behaviors as active elements of the Mission's strategy and sector programs. For example, a family planning project that included significant efforts to build women's participation into local decision making would be considered an example of DG-linked programming. The more elements that could be found, the stronger the linkage.

Another key element of the team's approach was the concept of synergy. The formal meaning of synergy is, the effects of two agents acting together are greater than the sum of the same two agents acting independently. In development terms, a cross-sectorally linked program with high synergy would be producing development value that exceeded what could be gained by a more narrow, technical approach. Staying with the family planning example cited above, evidence of synergy might be found when a women's group, originally formed to discuss and support each others' efforts to raise smaller, healthier families, begins to branch out into other activities

Sometimes synergy is an unexpected outcome, while other times it is a result of prior planning. But, whether expected or unexpected, the important issue for the team was to determine the degree to which planners were alert, from beginning to end, to the possibilities of creating synergy by virtue of the way they undertook their programs.

This leads to the third component of the team's approach – the effort to find a “standard” by which to assess the reality encountered. For want of a better term, the team sought to understand the management “style and structure” that would reinforce cross-sectoral linkages and the drive for greater synergy in development outcomes. However subjective, the team believes that the way a Mission organizes itself, the norms and behaviors its leaders encourage, and the way information is used are important aspects of a management style that may or may not be conducive to promoting and implementing cross-sectoral programs. Some of these elements may be found in organizational structures, such as committees, written policies, and guidebooks, and some may be found in “models” of behavior encouraged and rewarded by mission leadership.

## II. HOST COUNTRY CONTEXT

### Recent Political Developments

#### *Demographics*

Demographic and ethnic factors have helped shape the recent political history of Madagascar. The population is nearly 14 million, comprised of 18 principal ethnic groups. The dominant groups, the Merina with more than 2 million people and Betsileo with more than 1 million, are of Asian-Pacific origin. Antananarivo province is home to the Merina, while Fianarantsoa is home to the Betsileo. Together, these two groups comprise the country's wealthy, vested interests. The principal ethnic cleavage is between highlanders, such as the Merina and Betsileo, and *côtiers* who live in coastal areas.

The population is growing at 3.1% annually, exceeding the country's ability to create employment. Land pressure is also great, with 82% of the population living in rural areas. The rate of urbanization is accelerating, as illustrated in Antananarivo's population having climbed to more than 662,585 people in 1985.

#### *Recent political history and status of democratic governance*

Over the past decade, the Republic of Madagascar has made significant progress toward correcting the policies of its former planned economy and Marxist government. Within the past three years alone, national referenda and presidential, legislative, and mayoral elections have occurred peacefully. Though not free of fraud and manipulation, these electoral activities have established a foundation for more representative and responsive government for the majority of Malagasy. Consultation and public debate are entering into the country's political norms, although elected officials still resist conducting official business transparently and a large portion of the “*pays reel*” (real country) remains

skeptical of and aloof from politics and government. Likewise, though political processes and economic decision-making are not as transparent as the opposition would like them to be, a broader consensus on the rules of the game is evolving that is likely to grow given the country's more inclusive political framework. In addition, human and civil rights are legally protected and generally respected, and deregulation of state media has created new opportunities for information and expression of differing views.<sup>1</sup>

The development of more responsive political institutions is encouraging in view of Madagascar's colonial and post-independence governments. The Malagasy experienced over sixty years of French colonial rule prior to being granted a limited political role after World War II. In 1947, Malagasy nationalists, regardless of their ethnic origins, organized to fight against colonial rule. However, political competition – in part fomented by colonial authorities intent on exploiting historical ethnic tensions – helped spark violent clashes between highlander Merina and coastal “desherites,” killing 80,000 people. In response, France outlawed the MDRM, the party leading the way in the fight against colonial rule, and curtailed political reforms until shortly before independence in June 1960. For the next 12 years, Philibert Tsiranana's PSD party ruled Madagascar with a moderate and pragmatic form of socialism. A revolt against his regime killed 34 people in 1972. The military subsequently took over when President Tsiranana relinquished power to General Gabriel Ramanantsoa, a Merina chief of staff of the armed forces. General Ramanantsoa remained in office for the next 5 years until he relinquished power to Didier Ratsiraka, another military figure, in February, 1975.<sup>2</sup> Ratsiraka led the Second Republic through the 1980s and into the 1990s after the fall of the Soviet Union.

Discontent with the pace of political and economic development ushered in a decade of rapid political change. Press censorship was removed in February 1989, and in March, Ratsiraka was elected to a third term, receiving 62% of the votes cast. Local government elections were held in September 1989, but the abstention rate was 30%. In early 1990, the government formally allowed a multiparty system, but in May rebels seized the radio, announcing the overthrow of the government. Six people died and fifty were injured in this unsuccessful coup. The fall of the Soviet Union and the country's persistent economic problems led to a tilt to the West. France initially filled this void by forgiving \$750 million in debt.

In June 1991, sixteen opposition factions united as the *FORCES VIVES* (FV) organized a national strike after the government failed to convene a national convention. They also called for Ratsiraka's resignation, based on human rights violations, corruption, and nepotism. The government declared a state of emergency and made several political

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<sup>1</sup>In interviews with CDIE, key opposition leaders expressed great skepticism about the current government's ability to effect democratic change. A former prime minister and current deputy representing the moderate opposition party (AVI), feels that little transparency exists in the government's handling of privatization and other state affairs. In his opinion, the government has also violated the conditionalities required for the next IMF release. Failure to receive these funds would plunge the country into economic chaos.

<sup>2</sup>General Ramanantsoa actually turned over power to Colonel Richard Ratsimandrava, the reform minded Minister of the Interior since 1972. The Colonel, however, was assassinated just six days after assuming power, under still unresolved circumstances, and a caretaker *Directoire Militaire* took control until June, 1975 when Ratsiraka acceded to power.

arrests as the FV formed a parallel government and placed its people in government offices. On August 10, the president's guards fired on protesters, killing 100. An additional 20 people died in Mahajanga under similar circumstances.

Faced with the loss of international, religious, and civil society support, Ratsiraka resorted to a number of political moves, including a declaration that Madagascar would become a federation of six states. In October, a compromise was reached between the two major pro-government political parties (MMSM and FORCES VIVES) and a 130-member advisory council was delegated the task of engineering an 18-month transition. In August 1992, a national referendum took place, with 73% of the votes cast in favor of a new constitution. The new Constitution called for a parliamentary system with a constitutional president, a senate, and a national assembly elected by proportional representation. Ratsiraka was allowed to compete in the elections after violent demonstrations in his behalf by federalist proponents.

In November 1992, in elections under international supervision Albert Zafy won 45% of the vote, while Ratsiraka secured 29%. On the second round in February 1993, Zafy received 67% of the vote and Ratsiraka got 33%. Legislative elections took place in June 1993 and Zafy's candidate for prime minister won the subsequent parliamentary vote.

A falling out between Zafy and the prime minister led him to propose an amendment to the constitution allowing the president to name the prime minister instead of parliament. While the amendment was approved, only 63% of the electorate voted, indicating that there was much ambivalence with the measure because it raised the spectre of a return to one-party rule. In July 1996, parliament voted to censor Zafy's prime minister, prompted by allegations of corruption and mismanagement. In order to avoid impeachment, Zafy appointed Nolbert Ratsirahonana, a technocrat and former president of the constitutional court, prime minister. However, this tactic failed and Zafy was impeached by a 99 to 34 vote in July, leaving Ratsirahonana to preside over the interim government.

In November 1996, both Zafy and Ratsiraka joined Ratsirahonana and a host of party candidates to contest the election to determine the new president. In the first round, Ratsiraka led all candidates with 37% of the vote, followed by Zafy with 23.4%, Herizo Razafimahaleo with 15.1%, and Ratsirahonana with 10.1%. In the run-off, Ratsiraka won 50.7% to Zafy's 49.3%. Less than 25% of the electorate voted in the run-off, diminishing the credibility of the outcome.

Legislative elections scheduled for August 1997 were delayed until May 1998, whereupon 150 members (82 from single-member districts and 34 from two-member districts) of the National Assembly were elected to four-year terms. Eighteen parties participated in the election and among the leading ones, AREMA won 63 seats, LEADER FANILO 16, AVI 14, RPSD 11, AFFA 6, MFM 3, AKFM-F 3, Fihaonana 1, and GRAD-Iloafo 1.<sup>3</sup> Non-partisans took 32 seats. The Senate, restructured judiciary, and autonomous provincial governments provided for by the Constitution are still being planned.

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<sup>3</sup>AREMA is President Ratsiraka's party; the other parties can be loosely described as the opposition.

## Implications for Mission Programs

Despite Madagascar's noteworthy achievements in its democratic transition, continued progress is undermined by systemic corruption in government and business, ambivalence in the upper echelons of government over a plan for regional autonomy, and a balance of power heavily skewed in favor of the executive. As a result, by mid-1999 three salient issues were impinging on Mission programming: probity and transparency of political processes; uncertainty in decentralization policy; and, consolidation of executive power.

### *Probity and transparency of political processes*

Many of those interviewed by the team described corruption as chronic, pervasive at all levels of government, and a *sine qua non* for doing business in the country. In response, the Mission's round table on anti-corruption strategies (May 3,4) and a seminar on judicial control of corruption (May 5-7) were timely and appropriate. It is encouraging that 25 judges in a separate seminar came to the same conclusions about the causes of corruption as the participants in the Round Table. Representation in these fora included the Minister of Justice, the private sector, and the media, indicating the importance Malagasy are attaching to addressing corruption and transparency issues.

Another promising development has been the creation of a Human Rights Working Group (HRWG). Its 50 members represent foreign governments, GOM agencies (e.g., the Ministry of Justice), NGOs, and National Assembly deputies. The HRWG is working to secure greater probity in prescribing, invoking, applying, and enforcing civil and criminal law. The U.S. Embassy and USAID have actively supported the HRWG's efforts.

Although deregulation of the media has resulted in the proliferation of private radio and television stations, there are still many obstacles to overcome. For example, financing and licensing requirements could be creating media monopolies owned and operated by wealthy and politically connected regional power brokers. The major competitor to state-run electronic media in Mahajanga, for instance, is owned by the mayor. Though employees of independent stations work in the private sector, they may have to practice self-censorship because they can be monitored for program content and what they say.

### *Uncertainty in decentralization policy*

Another unresolved issue is the GOM's decentralization (autonomous province-AP) plan. In November 1991, federalists of Ratsiraka's MMSM party demanded autonomous governments for each of the country's six regions (Antananarivo, Antsiranana, Fianarantsoa, Mahajanga, Toamasina, and Toliary). During the 1996 presidential campaign, Ratsiraka and Zafy affirmed decentralization as called for in the Constitution, although neither embraced it in their platforms. Public meetings have been held around the country to gather input on the plan, which is scheduled for implementation in 1999. However, plan specifics are unknown and there is widespread feeling that the organization (*Conseil National d'Appui Technique a l'Autonomie des Provinces*) in charge of designing

the federal system of government is uncertain about how to proceed.<sup>4</sup> The plan is supported by mayors and opposition leaders with constituencies concentrated in their provinces of origin.

The plan raises many questions and potential problems. There are doubts that the provinces will have sufficient technical capacity to manage public services, since it is not known whether civil servants based in Antananarivo will agree to be relocated to the hinterlands. Another difficult question is how much authority for revenue generation and budget management will be devolved to the provinces. For example, while it is stipulated in the Constitution, will the provinces in fact be given the right to negotiate trade and development assistance agreements directly with foreign donors? There are also related questions about the division of authority and responsibilities in the federal system. Will parliamentarians sit on provincial councils, for example, and will they be responsible for authorizing provincial budgets? Lastly, will the AP plan balkanize Madagascar by exacerbating existing regional rivalries and ethnic cleavages?

Given the grassroots focus of the Mission's strategic approach, the questions and potential problems surrounding the AP plan are critically important. The uncertainty created by the AP process has already made it more difficult to do medium and long-term planning and there is clearly a potential downside (e.g., intense ethnic and/or regional competition would almost certainly be detrimental to sustainable development). To facilitate cross-sectoral linkages under a new set of rules if jurisdictional changes occur will require a great deal of flexibility in current and future programming. Since some form of the AP plan appears likely, the Mission will have to figure out how it can support provincial governments, strengthen linkage institutions within provinces, help define and clarify the Parliament's role, and engage civil society.

### *Consolidation of executive power*

The executive has consolidated powers recently, prompting concern that the government is returning to its prior status as a single-party state. The Constitution gives the executive authority over foreign affairs and defense and while domestic policy is the prime minister's responsibility, he is appointed by the president and serves at his pleasure. Although Parliament may censor the president,<sup>5</sup> he also can dissolve it and is responsible for appointing one-third of the Senate. The president is also the highest legal authority, via the control he exercises over the judiciary through the Ministry of Justice.

Recent presidents have not shied away from amending the Constitution when they are unable to have their way. The most prominent example was the referendum that gave the president the right to name the prime minister. Although this measure barely passed, it allowed president Zafy to regain control over public policy and the bureaucracy and

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<sup>4</sup>Some opposition leaders say the government has been secretive and uncommunicative about the AP plan. The one-time prime minister and current AVI party leader said, "it's totally unclear. There's no calendar and no texts on the autonomous provinces. And how does one approach the elections [on AP] seriously?"

<sup>5</sup>Specifically, the president may be temporarily censored for physical or mental incapacity by the High Constitutional Court, upon a request of a two-thirds vote of the Senate and National Assembly.



eliminate a key legislative branch check on the executive. This reversed the intended effect of key provisions in the new Constitution, which called for a more equal balance of power among the executive, legislative, and judicial branches. It thus constitutes a step backward in Madagascar's democratic transition, which may necessitate that the Mission spend more time working through the executive to effect changes in policy and the enabling environment. Moreover, because a strong executive can tend to co-opt or overwhelm its adversaries, USAID may need to find ways to strengthen laws protecting the rights of civil society groups involved in promoting grassroots empowerment.

### III. MISSION CONTEXT

Cross-sectoral synergies in USAID/Madagascar have evolved as a result of external events and changing Agency requirements, and Mission organizational/operational approaches. These factors, in turn, are reflected in the 1998 Amended Country Strategic Plan.

#### External Events and Changing Agency Requirements

The GOM's failure to sign and/or implement structural adjustment agreements with the World Bank and IMF led the Mission to recommend in April 1995 that Madagascar be placed on the Africa Bureau's "Watch List" of countries subject to reduced USAID presence. This, along with changing institutional requirements, e.g., sharply declining budgets and associated reductions in staff and other essential resources, prompted AID/W in 1996/97 to reexamine whether to keep USAID/Madagascar going, close it down, or downgrade it. After some delay and much debate, the decision was made to keep it going, but downgrade it from a full to Limited Program Mission.

The effects of this downgrading were severe, dramatically reducing the Mission's ability to implement its existing strategy. Mission personnel levels declined by 40% and the five year strategic planning budget, already in deficit based on original 1993–1998 projections, was further reduced. As a result, from its previous portfolio of four SOs the Mission had to quickly downsize to only two: bio-diversity conservation and health.

However, mission leadership also argued forcefully that it would be a mistake to abandon key parts of its previous economic growth and democracy programming, since without progress in these areas they believed effective bio-diversity conservation and health efforts could not be sustained. Mission staff who were involved in the struggle to save important elements of the existing program made concerted efforts to show the interrelationships and supporting linkages between the various sectors. Indeed, during this period of uncertainty and intense debate about the Mission's future, AID/W reviewers were impressed by the synergies in its program.<sup>6</sup>

#### The Amended Strategic Plan

The Mission's Strategic Plan Amendment (February, 1998) sets forth an integrative, holistic analytic approach, which balances the complex system of causation that creates

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<sup>6</sup>Madagascar Country Strategic Plan Amendment, FY 1998-2002, February 1998, Appendix A, pp. 3, 10.

poverty, powerlessness, and pressure on natural resources, with practical and mutually reinforcing “strategies” for action. These strategies met AID/Washington demands for conformity to policy, bureaucratic, and other institutional guidelines, while retaining a high degree of “fit” with the Mission’s operating environment. The amended CSP includes two SOs and a Special Program Objective (SPO):<sup>7</sup> “Smaller, Healthier Families” (SO-2); “Biologically Diverse Ecosystems Conserved in Priority Conservation Zones” (SO-3); and, the SPO, “Improved Environment for Private Initiative.”

SO-3 demonstrates the breadth of the Mission’s thinking on the forces that result in destruction of ecosystems, when it lists the following strategic guidelines:

- Pay attention to the socio-economic and political factors that propel people to find a living by exploiting protected zones;
- Broaden the “landscape” to include issues of economic development and agriculture intensification;
- Work to improve the implementation capability of government bodies responsible for safeguarding ecological zones;
- Build economic growth by collaborating with the private sector on sustainable agriculture activities outside threatened zones;
- Empower local communities to have a greater voice in bio-diversity protection;
- Promote the work of environmental NGOs through the Tany Meva Foundation, the first private foundation ever established in Madagascar;
- Work collaboratively with stakeholders – international donors, international environmental NGOs, host-country NGOs, government agencies, and local communities – to foster dialogue and develop workable solutions; and,
- Address the relationship between smaller families and child health and the demographic pressure on remaining bio-diversity zones.

All of these strategic guidelines contain elements of integrated analysis and cross-sectoral linkages. The specific elements that address DG linkages are underlined for emphasis. The main point is that the Mission’s integrated approach to bio-diversity conservation directs it to focus development resources on building democratic institutional capacity at many levels. For the objective to be achieved, communities, NGOs, and government must learn to work together effectively in a much more complex institutional environment and become part of the development context.

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<sup>7</sup>While USAID Strategic Planning guidelines stipulate that a Limited Program Mission can have only two SOs, some Missions have argued successfully that some activities were so important that a means had to be found to keep them alive in the new, downsized operating context. The mechanism through which this has been accomplished is the Special Program Objective.

Similar linkages can be found in SO-2. For example, the Mission strategy states: “USAID’s future child survival strategy will feature a strong community-level focus complementing select service delivery system interventions.” Or, “communities and NGOs play a central role in the health and well being of families and community, and NGO participation is essential to successful interventions.” Shifting more power to local communities and NGOs, and making them responsible for the knowledge, awareness, and behavior change necessary for achieving the SO, also requires implementers to build institutional capacity at the local level (a key element of any democratic development strategy).

The SPO is a hybrid strategic objective, which initially brought together activities of prior EG and DG programming under a single SO umbrella. Over time it evolved into a state where EG/DG activities began to overlap and be incorporated deliberately into each other’s programming. As such, the SPO incorporates the concept of linkages by blending together the thematic objective of improving the environment for private initiative, with more informed and responsive public participation in economic and legal issues. In the Mission’s view, for success to be achieved in its other SOs, and for Madagascar’s development efforts generally, attention must be paid to creating a “legal, policy and institutional framework that encourages and rewards private initiative.” As used by the Mission, “private initiative” applies to citizen action in a democratic context, as well as the more familiar realm of economics and business. Citizens, the Mission argues, “must feel empowered to participate actively in the formulation and implementation of their nation’s policies and laws, and be willing and able to hold their government accountable for the functions and services they have entrusted to it...”

#### Organizational/operational Factors

##### *The management approach*

During the 1990s, a succession of mission directors have employed a management approach that has helped bring about an institutional culture conducive to integrated programming. This approach, while certainly not monolithic, was based on common values and organizational outlooks perhaps best described as an “open” mission, i.e., one that is inclusive, collaborative, and flexible. In addition, since USAID instituted reengineering in the mid-1990s its core principles have become an important part of the Mission’s approach. As a result, the Mission became an operating unit in which:

- information flows freely and in multiple channels;
- coordination is highly valued;
- flexibility and “adaptive management” are operational constants;
- leverage is constantly sought and used, via interaction with other donors and development community interests, to maximize the effect of limited resources;

- collaboration – the complement to leverage – is achieved through systematic cultivation of stakeholders necessary to “solving” a development problem; and,
- good performance is acknowledged through awards and other incentives.<sup>8</sup>

Underpinning these characteristics is the extent to which Mission leadership has been committed to them. In USAID/Madagascar, this commitment has extended over the tenure of several directors, with the deputy directors in most cases assuming the directorship upon the departure of their predecessors. This has created an unusual degree of continuity and consistency over almost eight years. An important consequence of this leadership continuity has been the selection of junior staff and implementing partners who came with or have internalized the same general values and operational principles. Over time, the commitment and the consistent application of its values have created a fairly homogenous team which, in the Mission’s view, has rendered unnecessary features of a more structured management approach, such as synergy committees and intersectoral teams.

Moreover, while structural and procedural changes – e.g., reengineering-fomented information and performance monitoring systems, new results indicators and reporting requirements, etc. – have occurred, they do not seem nearly as important as the inculcation of a common sense of vision and professional commitment among Mission staff.<sup>9</sup> Even routine processes, such as procurement, are infused with this sense of purpose. For example, the current Mission executive officer is playing a vitally important role in facilitating DG activities with other sectors by having developed innovative ways to process an extraordinary range of small procurements.

#### *Mission Comment*

In its official comments on the draft, the Mission offered additional insight on its approach. Affirming that the Mission has “followed an unstructured or organic approach to capturing synergies,” the comments state there is also a basic issue of “cost and efficiency” in pursuing them. It is asserted that there have to be “economies of scope,” i.e., synergies have to “at least yield positive returns to investments” and, perhaps, even more: “returns on an additional unit of staff time employed in pursuing synergies should exceed returns on an additional unit of that staff time employed elsewhere.” If synergies are “touted and promoted no matter what their cost,” the comments continue, “this could lead to a lot of spinning wheels.” Thus, emphasis should be placed on cases where there are “natural synergies,” and linkages should not be forced where they do not make sense or could detract from achieving the primary objective. In effect, the comments conclude, there are also “economies of specialization,” and a proper balance has to be struck between them and those associated with “economies of scope.”

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<sup>8</sup>The Mission’s approach has also supported linkages between other sectors, such as health and environment. Indeed, during CDIE’s visit, a team of health and natural resource management experts was at the Mission working with the staff on designing an integrated strategy for the two sectors.

<sup>9</sup>A late 1998 team-building exercise played a key role in accelerating efforts to do synergistic programming.

## *Constraints*

Mission sources cited a number of constraints to their efforts to effect cross-sectoral activities. They most often mentioned that such efforts are time consuming and labor intensive. Given the Mission's downsized status, this has been a major complicating factor.<sup>10</sup> Some also noted that insufficient funds and a lack of flexibility caused by earmarks, directives, and other Agency requirements often constrain their cross-sectoral efforts. Officials at all levels likewise noted the lack of any apparent relationship between Mission progress in achieving linkages and synergy and the Agency's strategic results review and budget allocation process.

Finally, Mission sources talked of encountering protracted difficulties in measuring and reporting on the results of cross-sectoral activities. For example, they pointed out that the indicator and results measurement systems in place for monitoring progress in technical sectors, such as health, do not address the status of democratic participation or governance elements in their programs. Without some form of measurement, they added, it is impossible to assess the extent to which the programs in these sectors contribute to democratic governance and civil society development.

## IV. EFFECTS OF CROSS-SECTORAL LINKAGES

### DG Linkages within the SPO

The SPO is an imaginative amalgam of previous freestanding EG and DG programming, wrapped around the idea of creating a framework for private initiative. It brings together two streams of activities. The first focuses on national institutions and "regimes," including tax administration, commercial law, court administration, and financial services. The second focuses on building norms and values associated with a market economy operating in a democratic context into activities conducted under the first stream.

In terms of cross-sectoral linkages, the most prominent SPO effort is the PACT/Rary project.<sup>11</sup> PACT/Rary has worked to increase public participation in key economic policy and legal issues by improving the flow of information and exchange of views between powerholders and citizens. Operating in two provincial capitals (Mahajanga on the northwest coast and Fianarantsoa in the central highlands), project staff have worked with local authorities on improving their constituent outreach and job performance, while also supporting the establishment and/or further development of local citizens' groups and organizations.<sup>12</sup>

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<sup>10</sup>In its comments on the draft, the Mission further emphasized this point, noting that "downsizing...has necessarily impinged upon the...ability to respond adequately to recent political developments....In the revision of its CSP, the Mission...made the conscious decision that addressing them was beyond [its] 'manageable interest'...in light of its limited program size and staff."

<sup>11</sup>In the Malagasy language, *Rary* means "weaving." According to the FY2000 R4, as used in the project, Rary "connotes the relationship between civil society and the state."

<sup>12</sup>In a country where private initiative is a new concept and class, ethnic, and clan divisions have a strong hold on who can associate with whom, the very formation of such groups is a major achievement. In both cities, for example, umbrella coalitions of neighborhood associations have brought together for the first time

Early in the project, a galvanizing event propelled PACT/Rary into a more immediately important and substantive role than might otherwise have been the case. In this event, following Madagascar's long-standing pattern of directive government, officials in both project cities suddenly announced a precipitous rise in property taxes. There was no explanation regarding the new assessments and nothing was done to help convince a population that had never received much in return for taxes paid on why the increase was necessary. The result in both cities was a full-scale tax revolt.

Seizing the opportunity, PACT/Rary set about trying to find ways to turn the officials' actions and citizens' revolt into a positive sum situation for both. Project staff worked with municipal leaders to convince them of the need to be responsive to citizen concerns by explaining the reasons for the tax increase and making the city budget available to the public. It also helped citizens' groups articulate their complaints in a more structured and reasoned manner. Next, it worked with both sides – neither of which had any experience with the idea of negotiated compromise between citizens' groups and government – to bring them to the table where a process of dialogue could begin.

These efforts succeeded. In November 1997, for example, Mahajanga's mayor held a first-ever town meeting on taxes at which he discussed the city's budget, explained the rationale for the tax increase, and described how it was calculated. In Fianarantsoa, for the first time city officials went to local neighborhoods to talk with citizens about the tax increase and withstood considerable criticism from community representatives. In both cities, a "communications service" was established within their executive branches to respond to citizens' questions and concerns. In the end tax payments increased significantly, after citizens began to have some confidence that revenues would be spent for services that helped them, such as clean water and sanitation. Indeed, Fianarantsoa's deputy mayor proudly showed CDIE an infrastructure development activity that was funded in part by the additional tax revenues collected.

The serendipitous arrival of the tax issue helped forge linkages between DG and EG activities.<sup>13</sup> The tax increase, it must be recalled, was linked to the GOM's acceptance of the World Bank/IMF structural adjustment agreement which, among other things, mandated improvements in tax policy and collection. However, it was one thing to agree to such reforms and quite another to implement them; and, this is where the linkages with DG approaches and principles came into play. In effect, the whole became greater than the sum of the parts when improved budgeting, revenue collection, and public spending resulted from PACT/Rary's successful efforts to rationalize the role of local government,

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business, professional, and NGO leaders in a formal, democratic structure. In Mahajanga 17 neighborhood associations have formed Hery Miray, an umbrella coalition that provides training and support for its members and coordinates agenda setting and action on a city-wide basis. The associations and the coalition together take on issues such as sanitation, potable water supply, employment, education, and health problems. The coalitions and their constituent neighborhood associations follow democratic principles of elected leadership, accountability, and transparency.

<sup>13</sup>According to the CSP Amendment (p. 18), "the treatment of this [tax] issue...yields results that support achievement of the other two Strategic Objectives, since active local participation and ownership of the change process are key feature of our support for healthier families and biodiversity conservation."

promote transparency in government operations, and link government and citizens in previously unknown of ways.

Within the SPO context, the PACT/Rary experience demonstrates the value of closing the circle between law, policy, and democratic implementation and, in so doing, opening up possibilities for realizing added results outside the DG sector. In effect, tax reforms and policies aimed at increasing revenue mean very little unless they are undertaken in a democratic environment. The PACT/Rary experience is also important because it did not stipulate any technical outcome in advance: there was no prescribed environment, health, or economic growth objective. Instead, by focusing on empowerment, information, and negotiation skills, the project made a positive contribution to all three sectors, and beyond that, to the establishment of a changed relationship between citizens and government that likewise promised additional sectoral results.

### DG Linkages in Other Sectors

In SO-2, Smaller, Healthier Families, the primary focus is on typical USAID family planning and child/family health activities, such as increasing contraceptive use, improving the health of children age three and under, preventing HIV/AIDS/STIs, and increasing the dissemination of program data. However, also embedded in these activity areas are creative ways in which the Mission is using DG approaches and principles to promote desired results. Examples of these include:

- relying on women's associations at the local level as the major on-site partners for successful implementation;
- engaging government health officials in dialogue with the NGO community on matters of health and family planning policy, which positively affects both the SO and civil society; and,
- expanding the government's idea of information beyond technical aspects of family planning and health to reflect demand side interests and bottom-up approaches.

Results in bio-diversity conservation (SO-3) activities also bear the imprint of DG approaches and principles. For example, in helping the GOM "find ways to meet the resource needs of its population without compromising the diversity of its biological resources,"<sup>14</sup> the Mission has supported efforts to develop economic alternatives for villages in or near "domains of exploitation."<sup>15</sup> SO-3 funding has supported the

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<sup>14</sup>Madagascar FY2001 R4, March 29, 1999, p. 18. The Mission's bio-diversity conservation strategy is based on the new approach developed in the 1980s, in which the focus of natural resource conservation efforts shifted from a top-down, regulatory emphasis to turning the people living in threatened zones into protectors and stakeholders. The new approach has focused on developing economically remunerative alternatives for people living in and around threatened areas and changing government agencies' role from gatekeeper to technical partner allied with the stakeholders in conservation, management, and preservation.

<sup>15</sup>The term, "domain of exploitation," captures the Mission's experience-based conclusion that the forces contributing to bio-diversity destruction are not defined solely by the populations residing in areas

Commercial Agricultural Promotion (CAP) project, which has helped villages rehabilitate and maintain local roads through road user associations (*Associations Usagers de Pistes*) who have the authority to levy tolls for their use. The road user associations have been established in accordance with basic democratic organizational principles, such as elected leaders, open meetings, and transparent bookkeeping. Some CAP roads are located around protected areas, so that improved economic opportunity – resulting, for example, from increased farm-to-market access – is likely to reduce the possibility that villagers will look beyond their immediate area for their sustenance. At the same time, as CDIE observed in a visit to Ambondrona, a village near Fianarantsoa, CAP appears to have increased government capacity at the village level and produced an added income stream that can be used to address other needs, such as potable water, sanitation, and education. In effect, in this single project significant DG, EG, and ENV results have been achieved.

The Mission has also been promoting the transfer of managing renewable natural resources from the state to village associations. Through a process called *Gestion Locale Securisée* (GELOSE), village associations have been developing management plans for the resources (usually forests) that exist within the limits of their traditional territory. The associations then sign a three-year contract with the state, which gives them legal rights to manage the resources. Two USAID activities, Landscape Development Initiatives (LDI) and the Debt for Nature/Nature Protection Agents, are supporting GELOSE by working with communities to enable them to negotiate and implement these contracts. Besides obtaining DG and EG results through fostering the development and organization of rural associations, GELOSE will empower communities, create a stronger dialogue between government institutions involved with natural resources management, and promote decentralization – all DG outcomes.

Finally, in a broader sense, the Mission's SO-3 approach has also focused on strengthening the tools government needs to carry out its mandate of preserving the country's natural resources. This includes working with the National Assembly on important legislative items, strengthening the Office of Environment, and developing the second phase of the National Environmental Action Plan. An important DG-related outcome of these capacity building activities is to transform these state institutions into organizations that listen, inform, and cooperate with citizen groups.<sup>16</sup>

## V. CONCLUSION

The Mission's Amended Strategic Plan, recent R4s, and other documents show a serious commitment to the principles and substance of cross-sectoral programming. The team's

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immediately adjacent to a region of concern. Bio-diversity destruction is also a product of exploitative political-economic forces originating from diverse sources, many of which are nowhere near the specific region in question. A domain of exploitation, in short, encompasses both geography and political economy.

<sup>16</sup>For interaction with citizen groups to be meaningful, “demand side” environmental organizations and activists must be strengthened. To this end, the Mission has supported the establishment of Africa's first private national environmental foundation, Tany Meva. The Foundation is fully operational as a non-profit organization and has made over 50 grants for environmental activities to Malagasy NGOs. Here again, a civil society mechanism is being used as a tool to build the organizational capacity needed to achieve bio-diversity conservation objectives.



interviews with Mission staff, implementing partners, and beneficiaries, plus its brief examination of activities in the field, confirm that meaningful technical results, in whole or part, are being achieved through D/G means. Such activities are both spontaneous and planned, and Mission staff and its implementing partners share a common vision in support of them to a remarkable degree.

This has happened because, faced with being downsized and having to operate with significantly reduced resources, USAID/Madagascar has been forced to be creative, entrepreneurial, and opportunistic. Combined with a highly atypical pattern of consistent leadership, this has brought about a uniquely collaborative and flexible Mission approach conducive to and supportive of cross-sectoral linkages. Over time, this approach has become ingrained in the Mission's culture, helping staff get out of the box of stovepiped thinking, overcome the negative effects of their downsized status, and avoid being trapped by bureaucratic rigidities and operational constraints.

The Mission's experience with DG cross-sectoral linkages demonstrates that USAID can use an integrative,<sup>17</sup> holistic approach to address the complex system of causation that creates negative outcomes, such as poverty and environmental degradation, by developing practical, mutually reinforcing synergistic strategies. The experience also suggests that when a host country is receptive to democratic ways of doing business, however unused to them the government and citizenry may be, it makes sense for USAID to pursue democratic values and behaviors in every dimension of its assistance efforts. Finally, the Mission's experience suggests that even more opportunities and need exist for continuing and expanding the integrated approach it has developed and used in recent years.

### Issues for Further Consideration

Is there a link between the way a mission is organized and operates, and the extent to which it is able to successfully advance DG linkages with other sectors? Is a collaborative and flexible management approach, such as the one developed by USAID/Madagascar, better suited than the traditional top-down, command-and-control model? Is a more "structured" approach, characterized by intersectoral teams, synergy committees, and other such mechanisms, more effective than an "organic" approach that incorporates DG values and behaviors as a matter of development strategy and management style?

Has the addition of "democratic values" to American development policy changed USAID's overall development task and the way it is carried out? For example, are DG

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<sup>17</sup>The term "integrated approach" is used with full awareness that some may confuse it with the "integrated rural development approach" used by USAID in the 1970s. Agency experience with the latter was largely negative, ultimately leading to the rejection of all "integrated" approaches to development. However, the current "integrated approach" emerging in USAID/Madagascar and elsewhere does not rely on the top-down management control structures deemed necessary to achieve integrated development in the past. Instead, a premium is put on collaborative principles, combined with a strong emphasis on building bottom-up capacity to achieve desired development outcomes. Technical interventions are directed toward strengthening values and capabilities that have the broadest array of positive development linkages, both vertical and horizontal. In short, as used here, the terms "integrated" and "synergistic" are not construed as being latter day reincarnations of integrated rural development.

cross-sectoral programs essential given that USAID must now attempt to “democratize” host-country governments, while at the same time helping to create a civil society in which citizens are organized and empowered to take independent action.

Is it necessary to have a free-standing DG SO, if strengthened democratic values and behaviors are to be an integral part of other SOs’ strategic approaches? USAID/Madagascar’s answer to this question is “yes,” although DG has yet to achieve the status of being an integral part of the programming in other sectors.

While USAID rhetoric is fully supportive of DG cross-sectoral programming, current Agency budget and program review procedures are not. Missions that successfully do meaningful cross-sectoral activities risk creating more work and bureaucratic hassle with little prospect of reward. Can/should AID/W find ways to be proactive in support of such efforts?

## **APPENDIX A**

### **INTERVIEWS**

#### **Antananarivo**

##### **USAID/Madagascar**

Karen Poe, Director, April 19, 1999.

James Allman, Health Advisor; Lynn McCoy, Natural Resources Specialist; Samuel Myers, G/HPN/HN, AID/W, April 19, 1999.

Mary Norris, Office Chief, Special Program Objective; Robert Dean, Policy Advisor, April 19, 1999.

James Allman, Health Advisor, April 20, 1999.

Helen Gunther, Chief, Natural Resources Office; Lynn McCoy, Natural Resources Specialist; Olivier Pierson, Activity Manager; Adele Rahelimihaandralambo, Environmental Specialist, April 20, 1999.

Susan Anthony, Supervisory HPN Officer; James Allman, Health Advisor; Lezlie Moriniere, Food Security/Disaster Management Manager, April 20, 1999.

Zo Randriamaro, Monitoring and Evaluation Specialist, April 21, 1999.

Leon Waskin, Assistant Director, April 21 and 29, 1999.

Paul Kramer, Controller; Camille Rajonhson, Chief Accountant, April 21, 1999.

Mary Norris, Office Chief, Special Program Objective; Francois Vezina, Project Coordinator, April 22, 1999.

Paul Guild, Supervisory Executive Officer, April 22, 1999.

Didier Rapanoel, Program Development Specialist/Translator, April 25, 1999.

Larry Blake, Consultant, April 30, 1999.

##### **U.S. Embassy**

Stuart Zimmer, Economic Counselor, Second Secretary, April 23, 1999.

Richard Bell, Political Counselor, Second Secretary, April 28, 1999.

## **Government of Madagascar**

Norbert Ratsirahonana, former Prime Minister and Head of State, Parliamentary Opposition Leader, April 21, 1999.

Herizo Razafimahaleo, President/National Chairman FANILO, April 30, 1999.

Roland Razafimaharo, Chief Executive Officer, Air Madagascar, April 30, 1999.

## **Contractors, Partners, NGOs**

Jean-Michel Dufils, Director, Information Systems Unit, PACT Madagascar, April 19, 1999.

Vincent Carbonneau, Director Democracy and Governance Unit, PACT Madagascar, April 21, 1999.

Lisa Dean, Director CARE Madagascar; Rand Robinson, Assistant Director, April 23, 1999.

Dieudonne Randriamanampisoa, Chief, Macro-Economic Operations, World Bank, April 23, 1999.

Nancy Harris, Vice President, John Snow International, April 28, 1999.

Patrick Brenny, Director, PACT Madagascar, April 28, 1999.

Henri Rabesahala, Secretary, Tany Meva Foundation, April 28, 1999.

Dan Whyner, Population-Environment Fellow, April 30, 1999.

## **Fianarantsoa**

Park Warden and Guide, Ranomafana National Park, April 25, 1999.

Mark Freudenberger, Chemonics International, Regional Director, LDI (Landscape Development Interventions) and Jean Solo Ratsisompatrarivo, PACT/Rary, April 26, 1999.

Focus Group with the Deputy Mayor, representatives of the Association of Health Workers, Associated Transportation Group, Miaramivoy, TATAO, and PACT/Rary staff, April 26, 1999.

Mayor of Ambondrona and officers of the local Commercial Agricultural Promotion Project Users' Association, April 26, 1999.

PACT/Rary: Jean Solo Ratsisompatrarivo, Regional Coordinator; Jean Francois Regis Razafimandimby, Manager, Public Interest Issues; Fidimalala Randriamandimbisoa, Legal Services; Amelie Razafindrahay, Consultant; Livarison Ramananandro, Regional Counselor LOVA; Henri Celestin, Regional Coordinator, AGERAS, April 27, 1999.

Mark Freudenberger, Regional Director and Jaques Rene Ravelonahina, Deputy Director, LDI, April 27, 1999.

### **Mahajanga**

Park Warden at Ampijaroa Forest Station, April 25, 1999.

Vincent Carbonneau, Director Democracy and Governance Unit, PACT/Madagascar, and PACT/Rary staff, April 25, 1999.

Solo Ramanahadray, Regional Coordinator and Director of Organizational Development, PACT/Rary, April 25, 1999.

Yvon Rakotonarivo, Manager, Public Interest Issues, PACT/Rary, April 26, 1999.

Mahajanga mayor April 26, 1999.

Federation of neighborhood associations (Hery Miray)—April 26, 1999.

Mahajanga media association (AJM), April 26, 1999.

Staff of the Mahajanga radio and TV station, April 26, 1999.

Fishing company representatives and provincial government representatives working on the cholera epidemic, April 26, 1999.

Charles Rasamiarivony, Mamy Nirina Rajaonarivelo, and Chrystophe Andriamizara, leaders of MIKAJY (Malagasy NGO, “to take care of”), April 26, 1999.

Governor of Mahajanga Region, April 27, 1999.

Grégoire Joseph Victor Rabenja, Coordinator of Rural Roads Project, Landscape Development Interventions (LDI-CAP), April 27, 1999.

Sarah Newhall, Executive Vice President and Traer Sunley, Vice President, Communications, PACT/Washington, April 27, 1999.

## **APPENDIX B**

### **DOCUMENTS CONSULTED**

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